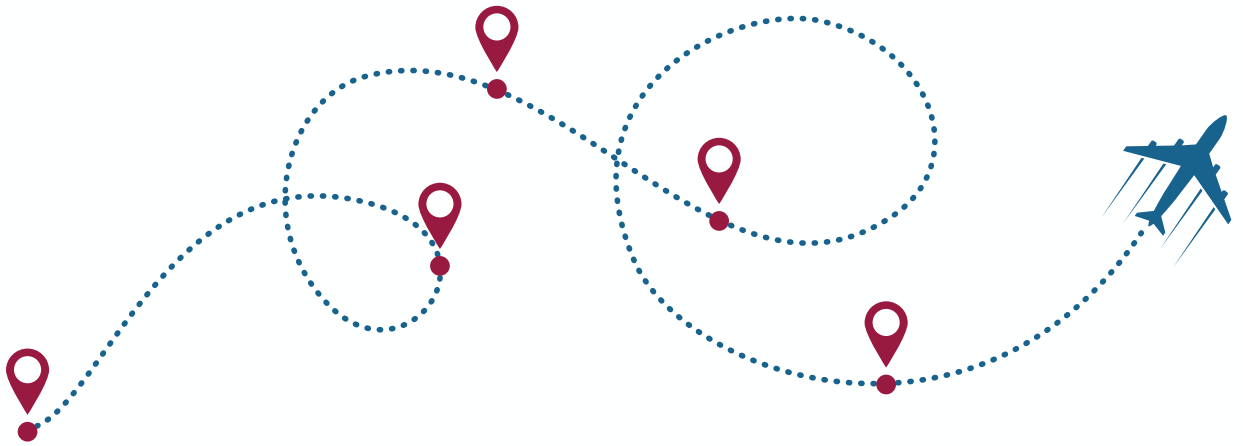


# 2018 Consumer Travel Report



## 2018 Consumer Travel Report

### Overview

About 2/3 of Americans have booked travel accommodations in the last 12 months, with both airline and hotel industries in the U.S. each taking in upwards of \$200 billion in revenue last year.<sup>1,2</sup> According to the Federal Aviation Administration, there are over 26,000 commercial flights in the US every day;<sup>3</sup> and according to STR, there are over 5 million hotel rooms across more than 53,000 properties in the country.<sup>4</sup> Needless to say, traveling is something a lot of Americans do – but how is this industry unlike any other?

Despite travel being as pervasive as ever in today's dynamic marketplace, we've found some interesting insights on consumers' mindset when it comes to booking travel. Using the latest Simmons data, we can see the full picture of the American Traveler – not only what they're booking, but also how and why.

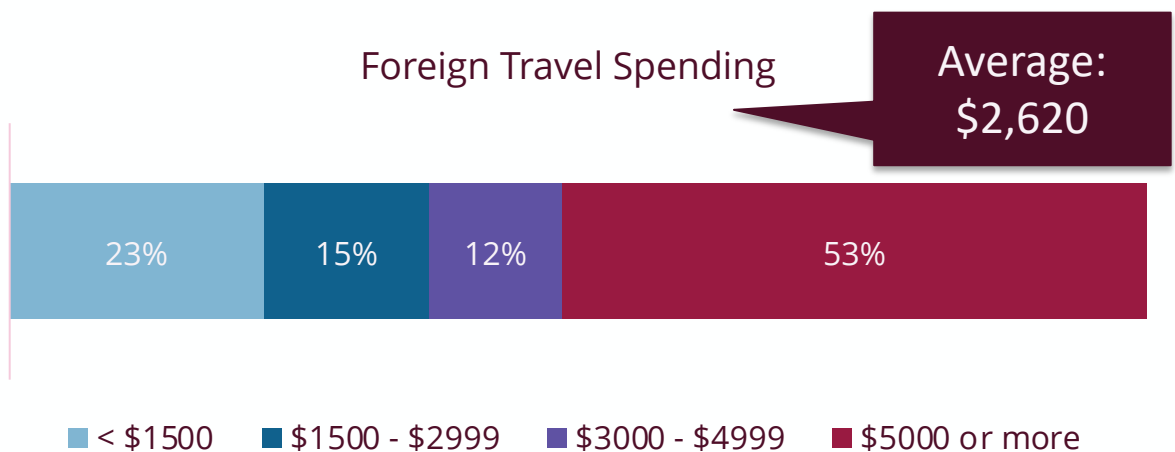
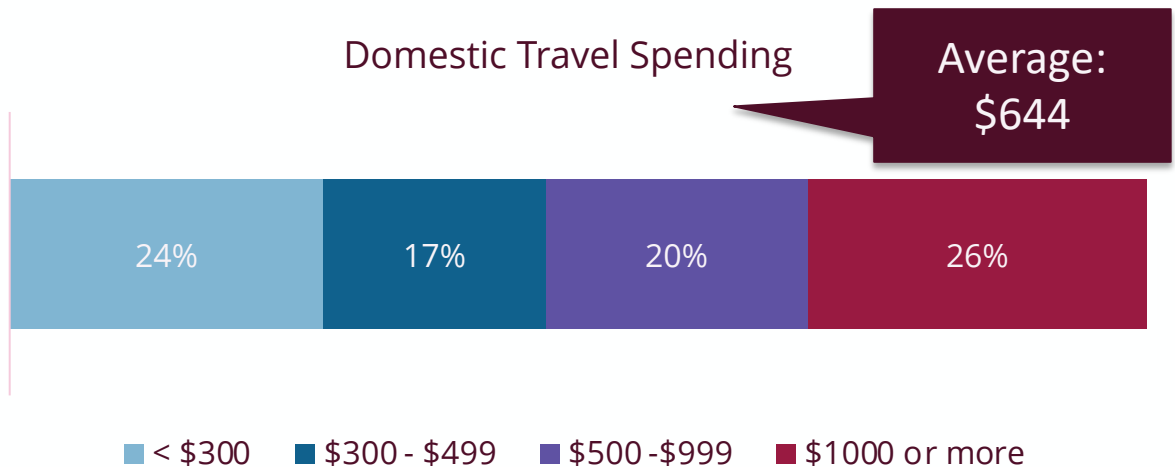
### **In this report, we will specifically:**

- Breakdown domestic, foreign, and cruise travel
- Look at travelers' discretionary spending
- Identify the top players in airlines, hotels, and cruises
- Show how loyalty/rewards programs are impacting the market
- Examine the American Traveler to understand their psychographic motivators
- Analyze the different methods used for booking travel

## Travel Spending

### International Travel Worth The Cost

While nearly all of those who have booked travel in the past year have traveled domestically (91%), foreign travel is still popular with almost two-thirds of those bookers (65%). What's interesting is that travelers are willing to really dole out the money for their foreign excursions: while spending for domestic travel is pretty consistent across spending tiers, over half of foreign travelers are paying the price to get the most out of their trip. Domestic travel is a reliable source of revenue for players in the industry, but it's important to consider that those who book travel look at their foreign trips as a hefty investment.

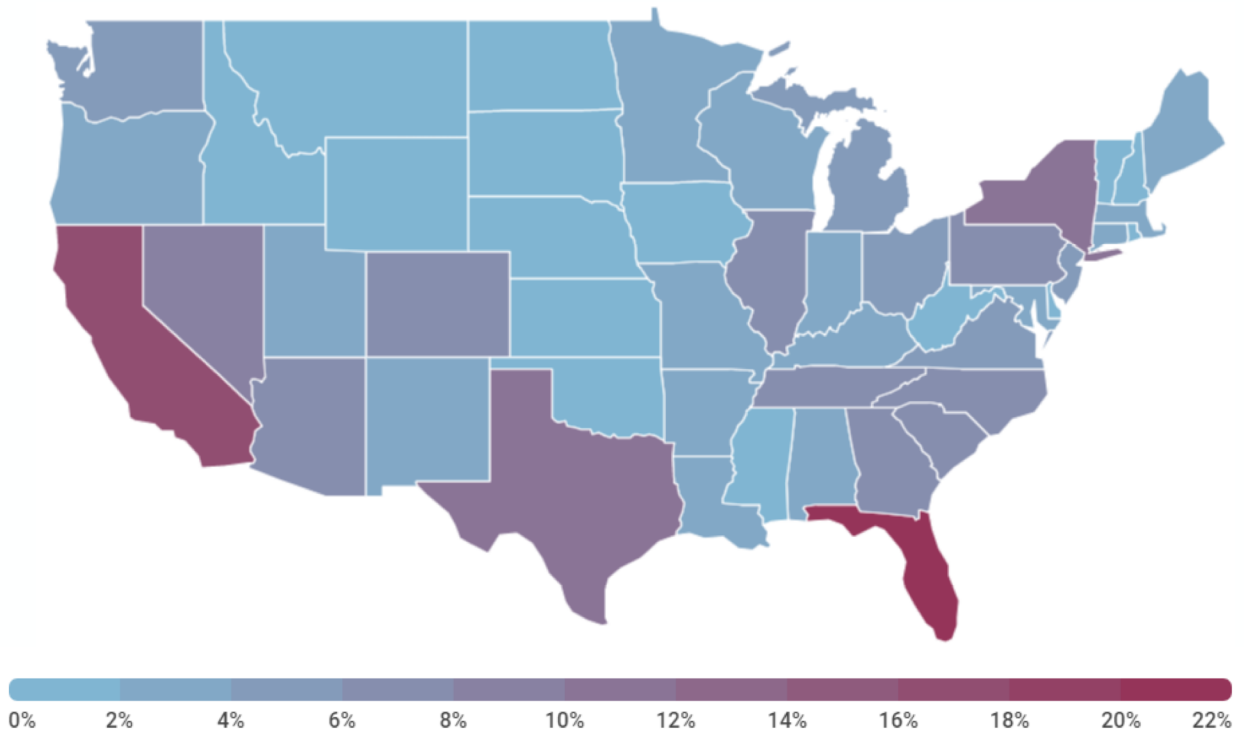


## Domestic Travel

### Beaches and Theme Parks Top of Mind

Florida and California each have had the most visits of those who have traveled domestically in the past year, each capturing about one-fourth and one-fifth of domestic travel destinations, respectively. Texas, New York, and Nevada round out the top five states.

But why? Beaches and theme parks are on a lot of travelers' minds. Both destinations are known for their beautiful shores, and over 60% of travelers say going to beaches is their favorite vacation activity. Both states also have Disney and Universal Studio parks – the two most popular theme park “brands” for travelers.



**21%**

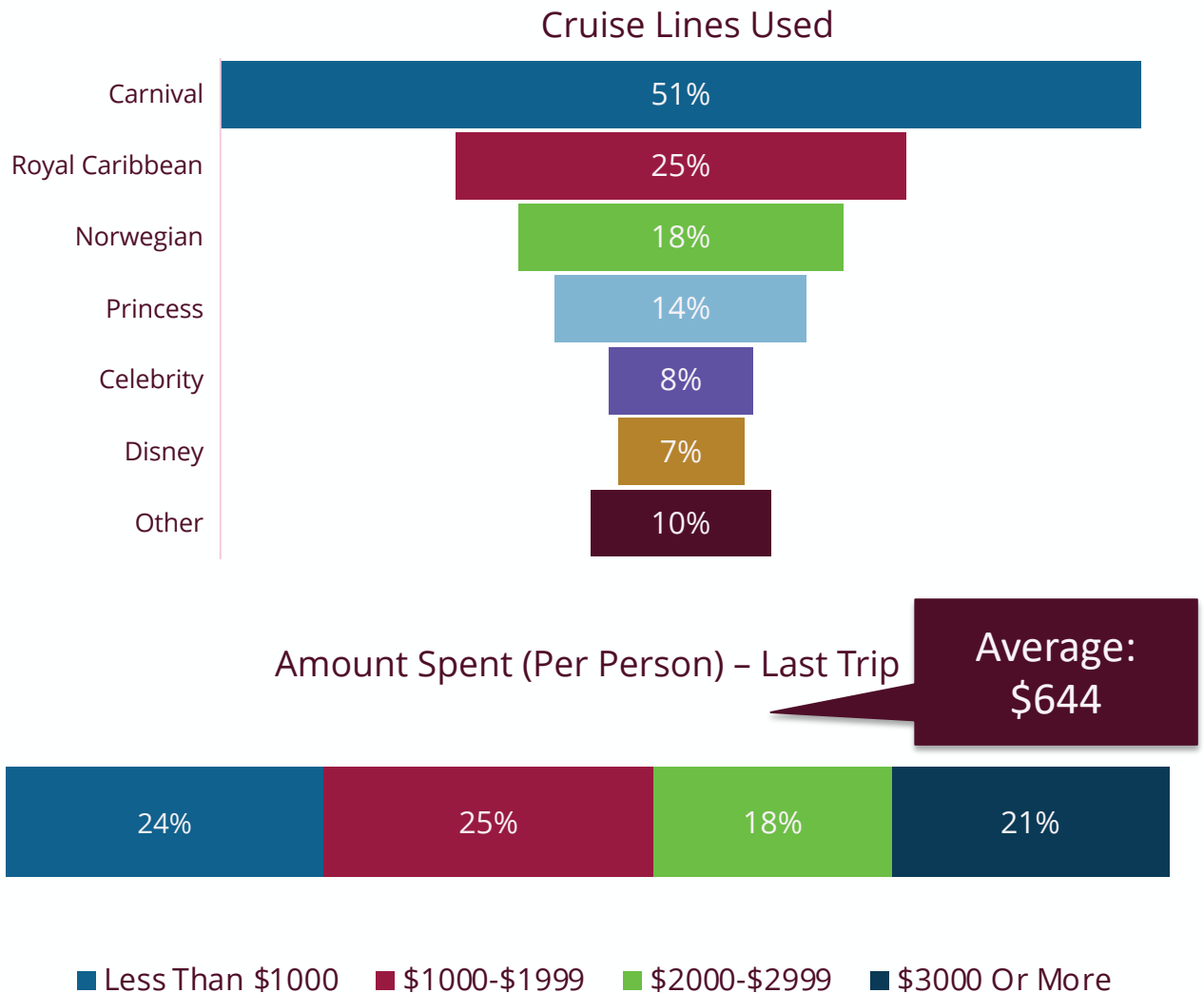


**19%**

## Cruise Lines

### Cruise-Goers Will Set Sail Again

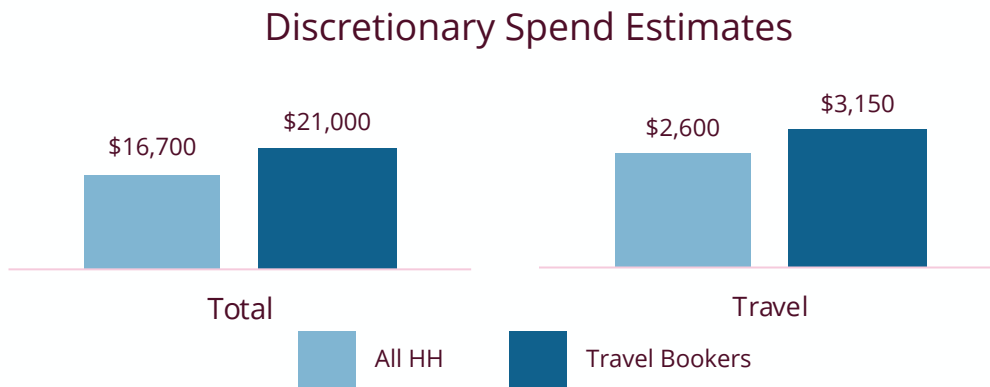
Don't count cruises out as popular travel options, either. Half of those who have taken a cruise in the past 3 years are planning on taking another one in the next 12 months. And it's quite easy to predict how cruise-goers are spending their money: not only are they more likely to budget their money on the cheaper end of the spectrum, but one brand in particular seems to be top-of-mind for these vacationers who have taken a cruise and are planning another one.



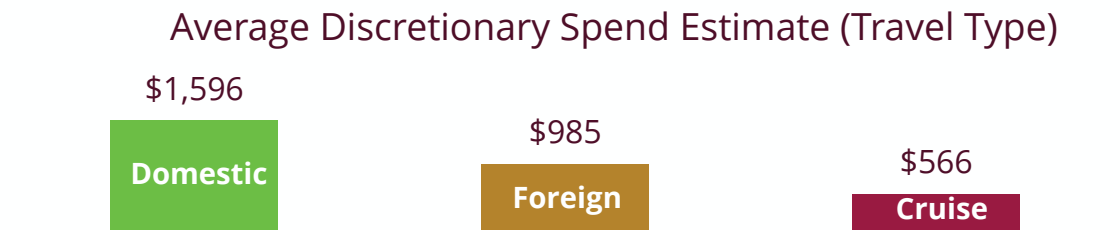
## Discretionary Spend Estimates

### Travelers Wield More Spending Power

The Discretionary Spend Estimate is a score that provides an estimate of a household's spending on discretionary or non-essential expenses. Those who have booked travel in the last 12 months have about \$21,000 in household discretionary spending per year, and about 15% of that is spent on travel. While traveler households spend more (both in total and on travel) compared to the average US household, the percent of discretionary spending used for travel stays the same at 15%!



In terms of how traveler households breakup their spending on different types of travel, travelers are shelling out much more for their domestic travel in total than they are for their foreign travel. Yes, it's much easier to travel domestically, and yes, almost 100% of those who book travel have stayed in the country as opposed to the 65% who travel abroad – so spending should be higher. But foreign spending doesn't lag as far behind as one might think.



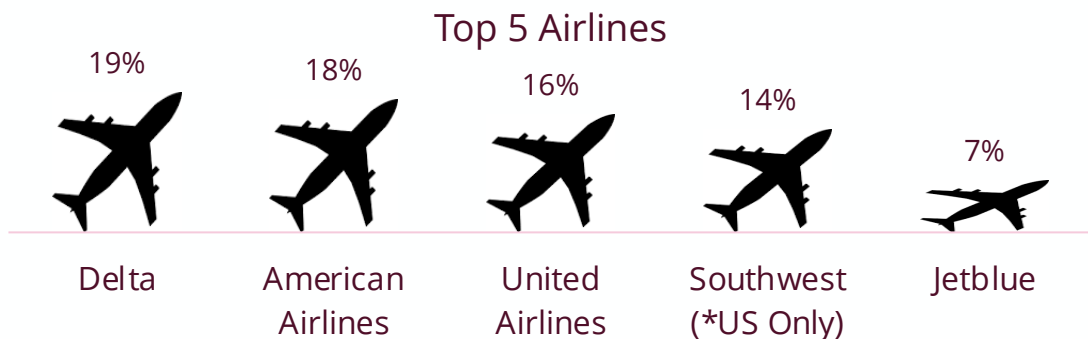
These are important numbers to consider for targeting travelers – what would make cruise-goers spend more? Could foreign travelers spend even more than they already are? Next we'll look at some popular travel options, as well as how these consumers are making travel decisions.

## Airlines & Hotels

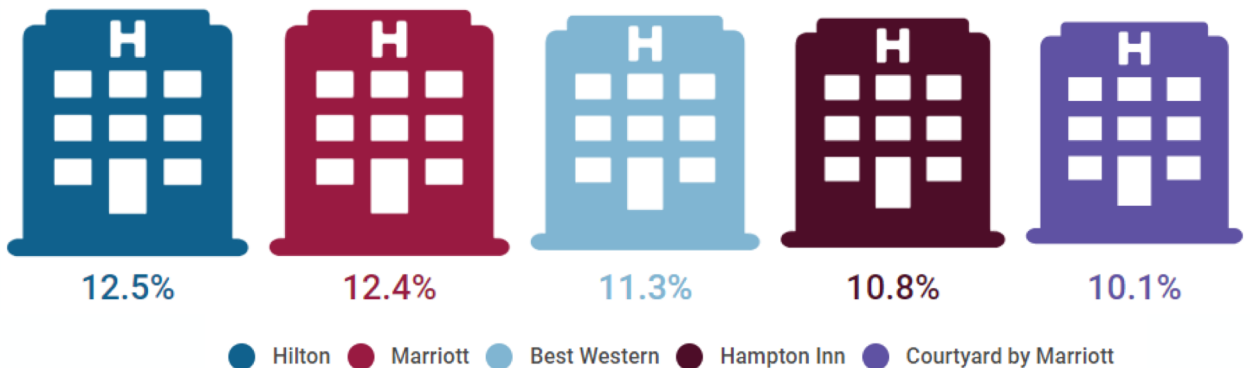
### Different Markets, Same Consumers

Travelers might spend their money in different ways depending on the type of destination, but when it comes to getting there and staying there, the playing field is level across the board.

For airlines, there are only so many options for consumers. For this report we looked at the top U.S. based airlines, and factored in whether they have foreign options as well. It's important to note that because of this inclusion, Delta might be the favorite for travelers; however, when limited to only domestic travel, Southwest owns the largest share of the market. Still, with only U.S. flights, Southwest is still competitive against major international-inclusive airlines.



For hotels, the options are seemingly endless across the entire affordability spectrum. With so many players in the market, it's no surprise that travelers don't really have a favorite - of the top 5 hotels, roughly the same % of those who have booked travel in the last 12 months have stayed at them.



## Loyalty Programs

### An Opportunity For Brands

It's common to see some type of loyalty or rewards programs for anything – from coffee shops to movie theaters to banking. With companies in every industry looking to stay competitive by locking-in consumers, one might think it should be extremely prevalent in an industry that captures 75% of the US population. Travelers seem to have a different idea though.



**52%**

Not a frequent flyers program member



**58%**

Not a hotel rewards member



**72%**

Neither a frequent flyer or hotel rewards program member



**85%**

Do not own an airline or hotel-affiliated rewards credit card

Frequent flyer and hotel rewards programs aren't anything new; however, they might not be as popular today as they could be. 72% of those who have booked travel in the past 12 months are not a member of any kind of frequent flyer or hotel rewards program, and 85% don't have any kind of affiliated credit card. For those that are members of these programs, though:

- ✓ Almost one-half of hotel rewards enrollees are members of Hilton Honors
- ✓ Delta and Southwest are tied for the top frequent flyer programs, at 40% of frequent flyer members each

Given our previous findings about the airline and hotel market landscapes, this makes sense – the markets are generally flat among competitors, indicating consumers may prefer the convenience of options when traveling over being rewarded for loyalty. We can dive deeper into the mindset of these travelers to further understand why they aren't taking advantage of future travel savings.



## Traveler Psychographics

### What Motivates Them?

In order to help further explain travelers' lack of loyalty, we analyzed some of our psychographic lifestyle statements to determine the top motivators for these consumers. Below are several unique characteristics of travelers that shed more light on how and why they book travel:



**“I enjoy spending time with family”**

Travelers aren't traveling alone - meaning they need flexible accommodations to satisfy everyone



**“It is important that a company acts ethically”**

Discounted airfare is seemingly less important to travelers than airlines acting responsibly



**“It is important to be well informed about things”**

An indicator that travelers do their research for every part of their trip; loyalty programs limit their knowledge flexibility



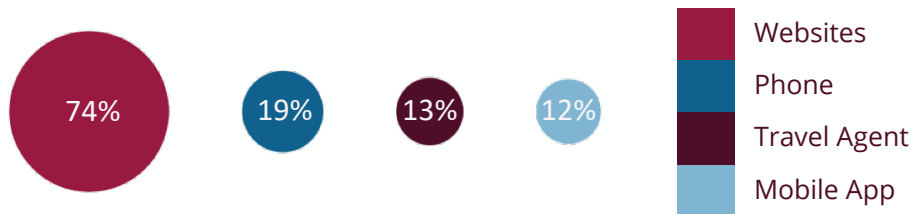
**“The Internet helps me plan and book travel”**

Travelers can compare options more easily than ever, allowing them flexibility in their choices

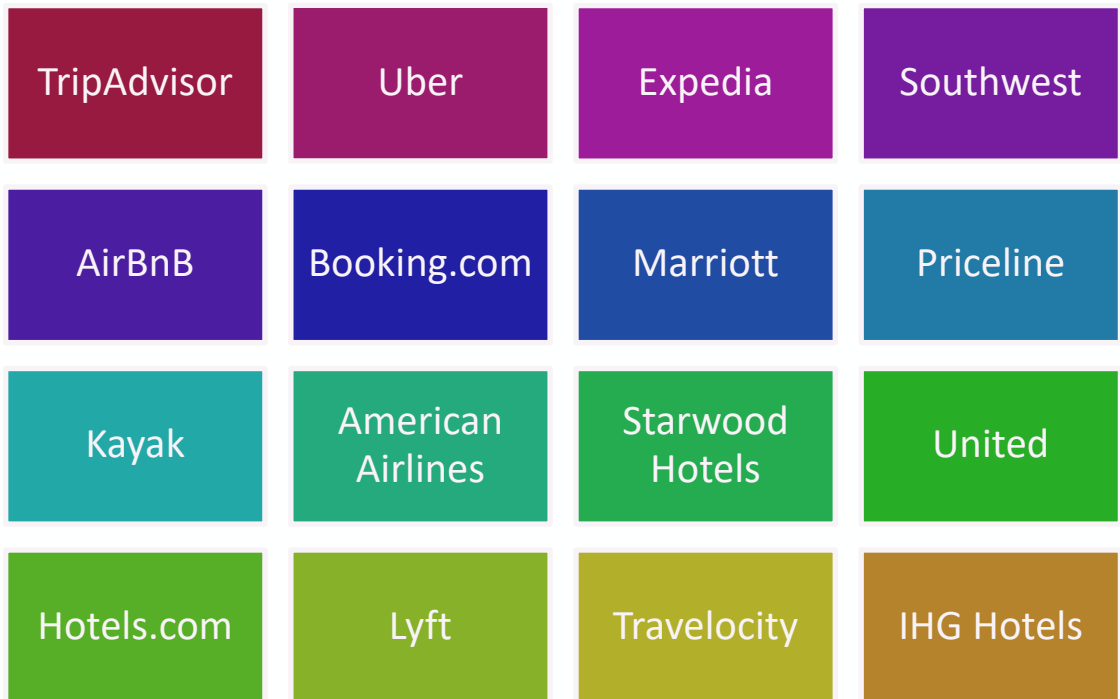
## Methods For Booking Travel

### Flexibility is Key

Today's travelers appreciate flexibility, and they undoubtedly take advantage of different methods for booking travel – albeit some much more than others. Despite the popularity of mobile apps, travelers much prefer visiting websites to plan and book travel. In fact, calling companies directly and using a travel agent are more popular options than using mobile apps!



The top websites travelers visit include a number of third party sources typically used to compare prices, in addition to direct company websites. It's important to note that flexibility is once again the key theme here: a lot of websites to choose from, with most getting the same amount of consumer traffic. AirBnB – a non-traditional form of travel accommodation site – is gaining traction in the market and will be intriguing to track over the coming years.



## Summary

- Almost 75% of Americans have booked travel in the past year, contributing to \$200 billion in revenue for both airline and hotel industries.
- When it comes to different types of travel, price isn't so much a factor for domestic travel; 91% of travelers do so domestically, and spend as little or as much as they want.
- The top state destinations happen to be known for their beaches and popular theme parks – both popular for travelers.
- Foreign travelers tend to spend as much as possible for their trips. Cruise-goers, on the other hand, spend the bare minimum if possible.
- Traveler households unsurprisingly have higher discretionary spending for travel; but they also have higher discretionary spending in general.
- While one cruise line reigns supreme, competition is tight for airlines and hotels respectively – an indicator that travelers like choices.
- Loyalty/reward programs are not as popular for travelers as one might think – another indicator that they want the flexibility of choosing the best options for them.
- Travelers are family-oriented, prefer ethical companies, like to be informed, and use the internet to book their travel. They need travel that accommodates the whole family, and they do the research necessary to ensure they're spending their money accordingly.
- Apps are *not* popular for booking travel. Websites are tried and true for travelers looking to compare options.

## About Simmons Research

Simmons Research is the leading source of cross-channel consumer intelligence. Simmons measures American consumer psychographics, preferences, attitudes, and media behaviors by closely overlaying survey and passively measured data using advanced measurement sciences. For more than 60 years, Simmons has helped leading brands, agencies, and media companies effectively engage with consumers, providing measurement of over 60,000 consumer elements, including all major media, 600 attitudes and opinions, 500 product categories, and 8,000 brands. For more information, please visit [www.simmonsresearch.com](http://www.simmonsresearch.com) and follow us on Twitter @simmonsresearch.

<sup>1</sup><https://www.statista.com/statistics/197680/total-operating-revenues-in-us-airline-industry-since-2004/#0>

<sup>2</sup><https://www.statista.com/statistics/245841/total-revenue-of-the-us-hotel-industry/#0>

<sup>3</sup>[https://www.faa.gov/air\\_traffic/by\\_the\\_numbers/](https://www.faa.gov/air_traffic/by_the_numbers/)

<sup>4</sup><http://www.businesstravelnews.com/Strategic-Sourcing/U-S-Hotel-Supply-Breaks-5-Million-Room-Mark>